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SUBJECT: TURMOIL IN DILI AS REINADO HUNT CONTINUES

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Dili, Department of State.
REASON: 1.4 (a), (b), (d)

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1. (C) Summary: Dili remained calm but very tense March 6 as the unresolved Reinado operation and the expected March 7 Roserio Lobato court verdict kept the population on edge. No serious injuries or deaths were reported although there were widespread disturbances the night of March 5, continuing again the afternoon of March 6. Australians began evacuating dependants March 6; meanwhile UNMIT leaders remained confident that its current phase two status was sufficient, that the current crisis would not lead to widespread violence, and that UNPOL and International Stabilization Forces (ISF) could handle expected levels of civil unrest. President Xanana Gusmao, in a speech broadcast night of March 5, reiterated the government's resolve to use existing laws to crack down on civil insurrection, concluding the speech with a threat to resort to a state of civil emergency should civil unrest continue. Meanwhile, a coalition of three opposition political party leaders met with Emboffs late afternoon March 6, expressing their grave concern that Reinado has widespread support in the western part of the country, and that failure to resolve the crisis with his peaceful surrender could cause instability. End Summary.

State of emergency?

2. (C) A speech by President Xanana Gusmao broadcast the night

of March 5 was initially interpreted in some quarters as an announcement of a state of emergency while the speech in fact simply emphasized that all currently available legal and procedural mechanisms are to be used to combat crime. However, the speech concluded by warning that "where normal measures reveal themselves to be insufficient~the State may have to adopt more serious measures, such as the state of siege." The President's speech also stated that he had consulted with the Council of State, the Superior Council for Defense and Security, as well as UNMIT and GOET leaders, a necessary precursor to such a declaration, which also requires parliamentary authorization. National Parliament was due to discuss such an authorization, but had failed to reach a quorum for two days. In discussions with U.S. Charge d'Affaires March 6, SRSR Atul Khare stated that he opposes such a step, but continues to support a long-awaited presidential decree to allow limited curfew and house-to-house searches, a decree which is languishing in Parliament.

13. (C) In the wake of the President's speech, worries arose that an expansion of the role of the Timorese armed forces (F-FDTL) to include deployment in Dili and / or the districts might be in the works. The Prime Minister's office announced March 6 that he was authorizing an expansion of F-FDTL static security duties beyond the Government Palace and one other location, where they have been for several months, to include a total of eight facilities, including both government and major infrastructure sites. This presence was initiated the same day and observed at the Pertamina pier, Timor Telecom, the city's main power station and several ministries. However, both F-FDTL and Australian Defense Cooperation sources said there are currently no moves afoot to get F-FDTL involved in mobile operations; SRSR Khare also confirmed to the CDA that F-FDTL deployment would not expand beyond those static duties, and would be only a first line of defense until international forces could arrive. US Defense Representative Major Koli Ati told us that that F-FDTL commander, Brigadier General Taur Matan Ruak, is fully aware of the ramifications of such a move.

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Dialogue with Reinado?

14. (C) Embassy March 6 received a March 4 document from Alfredo Reinado's (AR) lead Timorese lawyer, in which he lays out the terms under which he is willing to "surrender." The lawyer told the CDA by telephone that he is not in direct contact with AR but is communicating with him via an unknown third party. AR's attorney said he delivered this document, "Statutory Declaration - Alfredo Alves Reinado," to the Prosecutor General's (PG) Office, but has heard no response. This lawyer told the CDA that a main sticking point to progress on this front is AR's insistence that the PG return to Same to meet and discuss, while PG has made it clear that any further discussion must take place in Dili. Meanwhile, press reports today noted that JRH has indicated a willingness for "dialogue" although it is not clear what he means by this, before or after AR's surrender. Media reported JRH as saying that provided AR contacts him via the Church or the President, he is prepared for a dialogue to discuss AR's surrender, and that operations against him would stop immediately under these conditions.

Xanana's activities

-5. (C) Gusmao was observed by Poloff and others to be serious and angry at his March 4 and March 5 press conferences. He was reportedly very actively working on the AR crisis. Two speeches in a row in the last two days strongly reiterated his position on Reinado, the first speech directly warning AR's supporters who are try to undercut GOET efforts, and the second one announcing a move towards a state of emergency. In addition, he has reportedly been holding an intensive meeting schedule. Several sources reported that Gusmao met with representatives of National Unity Movement for Justice (MUNJ) on March 10. Each of the western districts are to send a representative to discuss

the Reinado crisis and the Lobato verdict issues.

Pro-Reinado dynamics

¶16. (C) It is apparent that much of the last three nights' disturbances were pro-Reinado but getting a clear handle on the dynamics is difficult. In several neighborhoods, martial arts groups and other groups that had been in ongoing conflict have laid aside their differences in a show of pro-Reinado/Loromonu solidarity. However, in some neighborhoods conflicts appeared to be continuing without reference to Reinado. MUNJ's role is also murky. Yesterday MUNJ held a press conference at which they reiterated their demands that Gusmao rescind his arrest order and call off the ISF; however, they also appealed to the population to refrain from any attacks on internationals, including the ISF, who are ultimately "here to help us". MUNJ is probably playing a double game. One of their key coordinators in Cova Lima district "Sesurai" stated unequivocally to an Embassy staff member that their strategy was to unite the Dili youth and target UN vehicles.

¶17. (C) One unprecedented dynamic is that several Timorese employees of international NGOs have been arrested for participation in recent nights' disturbances. These are young men with well-paid and high status jobs. According to a source at CARE, they appear to have been subject to coercion or intimidation to participate.

¶18. (C) Meanwhile, while it seems that the sympathy for Reinado's cause remains strong in the western districts (and among some Dili youth), it does not appear to at this time to be manifesting itself as a significant groundswell of pro-Reinado activity. A pro-Reinado demonstration held in Suai yesterday reportedly drew about 40 participants. MUNJ had planned to mobilize demonstrations in Dili on March 8, but has called them off and is planning only local demonstrations in Suai and Maliana. American citizens resident in Maliana and Aileu report business as usual and continued good relations with local residents.

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Opposition Politicians Express United Concern

¶19. (C) Eight leaders from a coalition of three opposition political parties expressed their grave concern over the Reinado situation to the CDA in a meeting they requested on March 6. Leaders of the biggest opposition party, the Democratic Party (PD), the Social Democratic Party (PSD) and the Timorese Social Democrat Association (ASDT) asked the U.S. Embassy to use its influence to plead with authorities to resolve the Reinado crisis through dialogue rather than continued force. PD President Joao Carascalao said Reinado has strong support ranging from the central Manatuto district all the way to the western border: "We are concerned about stability. I'm sure he has a lot of sympathy." The opposition leaders said they are appealing to the GOET to guarantee that if AR comes to Dili that he will not be killed. The leaders of the three parties further said they met with the Bishop, obtaining his agreement to act as an intermediary, a step that they believed might work in convincing AR to surrender. They said they took this option to JRH who promised he would act on it but were told by the Bishop that JRH never contacted him, the opposition leaders claimed. They wondered why AR walked out of prison last August, why the government did not act months ago when arresting AR would have been easy, and why the GOET is acting now just weeks before presidential elections. They further added that they are sympathetic with the difficult position the Australians are in, and that they should not be blamed for this situation.

Preparing for Lobato verdict

¶10. (C//NF) A potentially major complicating factor in the

current crisis is the expected March 7 Roserio Lobato verdict. If Lobato is found not guilty, it is likely to further inflame Reinado supporters (Note: These supporters from the outset called for Lobato and Alkatiri to be brought to justice.) The verdict is likely to be perceived by these supporters as a whitewash orchestrated by a Portuguese judge with close ties to FRETILIN, and as proof that legitimate channels for challenging the government are useless. Ramos-Horta's testimony in favor of Lobato will contribute to his being lumped together with FRETILIN insiders as part of the problem. A high-ranking contact in the UN mission's political section told Emboffs on March 6 that there was no question a not guilty verdict would be a disaster.

¶11. (C//NF) If Lobato is found guilty, it could very well dampen enthusiasm for challenging the system, since the verdict can be held up as proof that the system, while imperfect at times, ultimately works. PD President Fernando Lasama Araujo told us March 5 that there was a good chance that Reinado might turn himself in if Lobato was given a heavy sentence. While this is likely overly optimistic, a guilty verdict could go a long ways towards stealing much of the anti-establishment movement's thunder and providing a new opportunity for Reinado to compromise without losing much face. Depending on how heavy the sentence is, however, either Lobato opponents or Lobato supporters might have cause for outrage. If the sentence is seen as too light, then his opponents will treat it much like a not guilty verdict. If it is seen as too heavy, his supporters, who have been fairly quiet of late, may lash out. We also believe Lobato, who likely is aware of misdeeds by others in the Alkatiri administration, including the former Prime Minister himself, may very well turn on his previous allies if he receives a sentence he views as unfair.

Security update

¶12. (SBU) Widespread apparently pro-Reinado disturbances occurred in Dili for a third night in a row the night of March 5, in primarily the same swathe of neighborhoods. Illegal roadblocks comprising of burning tires, large stones, felled trees, and other debris were set up throughout these areas and

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many remained in place through the day. Interestingly, while these disturbances have been noisy, frightening to residents, and generally disturbing, there have been no reports of serious injuries or deaths, according to hospital sources and aid workers. However, there was significant government property damage. As of late afternoon March 6, unrest began anew, with security forces firing warning shots to break up gang fighting in one neighborhood and with tire burnings reported at two other locations.

¶13. (SBU) Australian evacuation began on March 6, with many planning to fly out morning of March 7. No other missions have gone to evacuation status, though most are implementing security restrictions. The UN is committed to remaining at phase 2, but plans to maintain a dusk to dawn curfew until at least until March 12. UNPOL has gone to 12-hour shifts to increase manpower on streets; however, UNPOL sources continue to note that they are spread thin in their ability to respond. Further exacerbating this, they claim, is the decreased presence of ISF in Dili resulting from shifting of many ISF resources to Same.

¶14. (SBU) SRSR Khare, on the other hand, believes that the current unrest is actually much less than might have been expected in the wake of the Reinado operation, and that unrest is limited to small groups. Saying that unrest will not spread widely, Khare added that the three UNPOL units and three ISF companies in Dili, plus the 80 GRN expected later this month, can handle disturbances. He noted that UN is staying at phase two despite the fact the 80 of their cars have been attacked in the past couple of weeks. He said the UN is using its two bulldozers to go out in the early morning and clean out debris in an approach to give the population a sense of civil order.

HARSHA

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